



Agency Information Collection Activities: Announcement of Board Approval under Delegated Authority and Submission to OMB

AGENCY: Board of Governors of the Federal Reserve System.

SUMMARY: The Board of Governors of the Federal Reserve System (Board) is adopting a proposal to extend for three years, with revision, the Report of Selected Money Market Rates (FR 2420; OMB No. 7100-0357). The revisions are effective with the September 1, 2022, as of date.

FOR FURTHER INFORMATION CONTACT: Federal Reserve Board Clearance Officer – Nuha Elmaghrabi – Office of the Chief Data Officer, Board of Governors of the Federal Reserve System, Washington, DC 20551, (202) 452-3829.

Office of Management and Budget (OMB) Desk Officer for the Federal Reserve Board, Office of Information and Regulatory Affairs, Office of Management and Budget, New Executive Office Building, Room 10235, 725 17th Street, NW, Washington, DC 20503, or by fax to (202) 395-6974.

SUPPLEMENTARY INFORMATION: On June 15, 1984, OMB delegated to the Board authority under the Paperwork Reduction Act (PRA) to approve and assign OMB control numbers to collections of information conducted or sponsored by the Board. Board-approved collections of information are incorporated into the official OMB inventory of currently approved collections of information. The OMB inventory, as well as copies of the PRA Submission, supporting statements, and approved collection of information instrument(s) are available at <https://www.reginfo.gov/public/do/PRAMain>. These documents are also available on the Federal Reserve Board's public website at <https://www.federalreserve.gov/apps/reportforms/review.aspx> or may be requested from the agency clearance officer, whose name appears above.

Final Approval under OMB Delegated Authority of the Extension for Three Years, With Revision, of the Following Information Collection:

Report title: Report of Selected Money Market Rates.

Agency form number: FR 2420.

OMB control number: 7100-0357.

Effective Date: September 1, 2022, as of date.

Frequency: Daily.

Respondents: Commercial banks, savings associations, U.S. branches and agencies of foreign banks, international banking facilities, and significant banking organizations representing entities actively participating in the federal funds and/or other money markets.

Estimated number of respondents: Commercial banks, savings associations, U.S. branches and agencies of foreign banks, and significant banking organizations, 181; international banking facilities, 77.

Estimated average hours per response: Commercial banks, savings associations, U.S. branches and agencies of foreign banks, and significant banking organizations, 2.0; international banking facilities, 1.1.

Estimated annual burden hours: Commercial banks, savings associations, U.S. branches and agencies of foreign banks, and significant banking organizations, 90,500; international banking facilities, 21,175.

General description of report: The FR 2420 is a transaction-based report that collects daily liability data on federal funds purchased, selected borrowings from non-exempt entities,¹ Eurodollar transactions, and time deposits and certificates of deposits (CDs) from (1) domestically chartered commercial banks and savings associations that have \$18 billion or more in total assets as well as those that have total assets above \$5 billion but less than \$18 billion and

¹ A selected borrowing from a non-exempt entity is an unsecured borrowing (an unsecured primary obligation undertaken by the reporting institution as a means of obtaining funds) in U.S. dollars from a counterparty that is a non-exempt entity as derived from Regulation D, section 204.2(a)(vii).

meet the activity threshold, (2) U.S. branches and agencies of foreign banks with total third-party assets of \$2.5 billion or more, and (3) significant banking organizations that are active participants in money markets. The FR 2420 also collects daily data on Eurodollar transactions from International Banking Facilities (IBFs) of the above-referenced institutions. The FR 2420 data are used in the publication of the Effective Federal Funds Rate (EFFR) and Overnight Bank Funding Rate (OBFR) and in analysis of current money market conditions.

Legal authorization and confidentiality: The FR 2420 is authorized by section 11 of the Federal Reserve Act (FRA) and section 7 of the International Banking Act of 1978 (IBA). Section 11 of the FRA authorizes the Board to require reports from depository institutions as it may deem necessary and authorizes the Board to prescribe reports of liabilities and assets from insured depository institutions to enable the Board to discharge its responsibility to monitor and control monetary and credit aggregates (12 U.S.C. 248(a)). Section 7 of the IBA provides that federal branches and agencies of foreign banks are subject to section 11 of the FRA as if they were state member banks (12 U.S.C. 3105(c)). The obligation to respond to the FR 2420 is mandatory.

The FRBNY uses aggregate data from the FR 2420 to publish the EFFR, OBFR, and associated statistics daily. The information provided by individual respondents to the FR 2420 is nonpublic commercial or financial information, which is both customarily and actually treated as private by the respondents. Responses to the FR 2420 are therefore accorded confidential treatment pursuant to exemption 4 of the Freedom of Information Act (5 U.S.C. 552(b)(4)).

Current actions: On May 5, 2021, the Board published a notice in the *Federal Register* (86 FR 23971) requesting public comment for 60 days on the extension, with revision, of the FR 2420. The Board proposed to add a data item to specify the day-count convention used for all interest rates reported on the FR 2420 reporting form. The Board also proposed revisions to the FR 2420 instructions to allow for more timely collection of data, improve monitoring of the transition away from the London Interbank Offered Rate (LIBOR), strengthen the reference rate production process, and ensure the integrity of reported data. The proposed revisions support the

Board's monetary policy and supervisory mandates by providing greater insight into funding market conditions in periods where conditions change rapidly, potentially affecting policy measures taken by the Federal Reserve. The comment period for this notice expired on July 6, 2021. The Board received two comment letters from two banking industry associations. As more fully explained below, the commenters opposed changing the submission deadline for certain parts of the FR 2420 from the morning after the transaction is completed (next-day deadline) to the evening the transaction is completed (same-day deadline) and suggested a later implementation date for changing the submission deadline for CD and time deposit transactions (Part C). One comment also argued that certain proposed additions to the FR 2420 instructions, pertaining to securities lending, Certificate of Deposit Account Registry Service (CDARS), and insured cash sweep transactions, would significantly alter the scope of required reporting and increase the reporting burden. In light of the comments, the Board has finalized the proposed revisions to FR 2420, with certain modifications intended to mitigate any increase in reporting burden.

Same Day Submission Deadline for Parts A, B, and D of FR 2420

The commenters indicated that the proposed same-day deadline for submission of data related to Federal Funds Purchased (Part A), Eurodollars (Part B), and Selected Deposits (Part D) transactions from the morning after the transaction is completed (next-day deadline) to the evening the transaction is completed (same-day deadline) would not be feasible for certain reporters and would leave insufficient time for reporting controls and other due diligence processes. The commenters also suggested that the proposed deadline would lead to an increase in re-filings of the FR 2420 report, as firms would need to re-file to correct mistakes which would also increase the reporting burden.

In consideration of the additional burden on certain reporters that would have resulted from the proposed same-day deadline, the Board has not finalized this proposed revision to the FR 2420. The deadline for the above noted parts of FR 2420 will remain 7 a.m. ET on the day

after the transaction date. However, the Board will nonetheless encourage firms to submit reports as early as possible in order to reduce operational risk associated with the publication of reference rates. The majority of reporting firms already submit data for these parts of FR 2420 on the same day as the transactions are completed, and the Board encourages other reporters to follow this convention when practicable. Reducing risks associated with reference rates production provides benefits to the public and financial markets, in addition to aiding monetary policy implementation, and the Board may repropose a same-day submission deadline in connection with a future renewal of the FR 2420.

Submission Deadline for Part C of FR 2420

The commenters requested that implementation of the proposed earlier next-day deadline for Part C of FR 2420 be delayed at least until August 1, 2022, or 12 months after the release of the final form and instructions. The commenters argue that this later implementation date is needed for reporting firms to have sufficient time to adjust their internal reporting and control processes to accommodate the earlier reporting deadline. In light of the additional burden for reporting firms, the Board will require compliance with the next-day deadline for Part C, along with other changes to the instructions, starting on September 1, 2022.

Changes to Instructions

One commenter opposed several additions to the FR 2420 instructions, including provisions concerning securities lending, CDARS, and insured cash sweep transactions. Regarding securities lending transactions collateralized by cash, the commenter inquired why these transactions would be considered selected deposits. With respect to CDARS and insured cash sweep transactions, the commenter asserted that the proposed additions to the instructions may entail a significant increase in firms' reporting burden, as the added language appeared to require data that may not be in the possession of reporting firms, but rather third parties. In response to the concerns raised by the commenter, the Board will not include the proposed additions concerning securities lending, CDARS, and insured cash sweep transactions in the final instructions.²

The Board adopted the remaining revisions to the FR 2420 as proposed.

Board of Governors of the Federal Reserve System, January 19, 2022.

Michele Taylor Fennell,

Deputy Associate Secretary of the Board.

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² The commenters also noted that the proposed reporting instructions were not made publicly available at the time the proposal was published in the *Federal Register* and requested that certain proposed changes to the instructions not be adopted as a result. The initial *Federal Register* notice stated that copies of the reporting form and instructions could be requested from the Board's clearance officer, who was also identified in the notice. In response to the commenters' letter, the proposed form and instructions were provided to the commenters and posted on the Board's public website.